

AGENCY SUMMARY

INDUSTRIAL COMMISSION OF ARIZONA

Larry Etchechury, Director
 Contact: Douglas R. Newton, Agency Coordinator
 (602) 542-5380

ICA

Agency Mission:

To efficiently administer and effectively enforce all applicable laws, rules, and regulations relative to the protection of life, health, safety and welfare of employees within the State.

Agency Description:

The Industrial Commission is a regulatory agency that was created in 1925. While the Commission still is responsible for overseeing the State Workers' Compensation System, its role over the years has been expanded to cover other labor-related issues, including Occupational Safety and Health, child labor regulations, resolution of wage related disputes, licensing of employment counseling and talent agencies, vocational rehabilitation, and provision of workers' compensation coverage for claimants of uninsured employers or insolvent carriers and self-insured employers.

Agency Summary:

(\$ Thousands)

	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
➤ ADMINISTRATIVE SERVICES	2,799.0	3,116.0	3,100.2
➤ WORKERS COMPENSATION CLAIMS PROCESSING	2,600.7	2,899.7	2,946.6
➤ ADJUDICATION OF DISPUTES	4,193.6	4,530.9	4,595.8
➤ LABOR LAW ADMINISTRATION	513.9	575.5	586.7
➤ OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION	2,899.6	3,306.1	3,555.0
➤ SPECIAL FUND CLAIMS PROCESSING	664.6	722.7	737.2
➤ LEGAL COUNSEL	1,053.5	1,161.6	1,185.2
Capital Funds	0.0	0.0	0.0
Agency Total	14,724.9	16,312.5	16,706.7

Funding and FTE Summary:

(\$ Thousands)

	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
General Funds	0.0	0.0	0.0
Other Appropriated Funds	13,499.6	14,590.4	14,899.0
Other Non Appropriated Funds	144.7	177.1	166.7
Federal Funds	1,080.6	1,545.0	1,641.0
Operating Funds Subtotal	14,724.9	16,312.5	16,706.7
Capital Funds	0.0	0.0	0.0
Agency Total	14,724.9	16,312.5	16,706.7
FTE Positions	300.0	309.0	309.0

Agency Goals and Key Performance Measures:

- ◆ Goal 1 To ensure that workers' compensation claims are processed in a timely and efficient manner.

Key Performance Measures	FY 1998 Actual	FY 1999 Actual	FY 2000 Expected	FY 2001 Expected
● Workers compensation claims processed	150,393	151,492	155,000	160,000
● Percent of claims processed within 5 days	92	95	98	98
● Employees average monthly wage determinations issued	19,361	20,593	22,000	23,000
● Percent of claims determined within 45 days	80	80	95	95

- ◆ Goal 2 To ensure that requests for hearing on workers compensation claims are heard in a timely and a cost effective manner.

Key Performance Measures	FY 1998 Actual	FY 1999 Actual	FY 2000 Expected	FY 2001 Expected
● Petitions for hearings received	8,872	8,518	9,718	10,270
● Awards issued	8,798	7,937	9,700	10,185
● Days between petitions received and awards issued	122	118	130	130
● Pre-hearing settlements, awards issued	5,511	4,965	6,064	6,067
● Cases that result in a hearing	3,287	2,972	3,624	3,805

- ◆ Goal 3 To ensure that labor issues involving child labor and employee wages are resolved in a timely efficient manner.

Key Performance Measures	FY 1998 Actual	FY 1999 Actual	FY 2000 Expected	FY 2001 Expected
● Child Labor violations investigated	352	279	300	320
● Child Labor violations confirmed	151	121	140	140
● Wage claims filed by employee	3,202	3,025	3,200	3,200

- ◆ Goal 4 To ensure that a safe workplace exists for all Arizona employees through enforcement of OSHA standards and boiler and elevator codes.

Key Performance Measures	FY 1998 Actual	FY 1999 Actual	FY 2000 Expected	FY 2001 Expected
● Safety violations found	2,666	1,431	2,964	2,964
● Health violations found	1,380	932	1,300	1,300
● Safety consultation surveys	288	385	500	500
● Boilers inspected	2,857	3,021	3,300	3,500
● Elevators inspected	4,724	4,647	4,700	4,700

- ◆ Goal 5 To ensure that injury claims of Special Fund claimants are processed effectively and efficiently.

Key Performance Measures	FY 1998 Actual	FY 1999 Actual	FY 2000 Expected	FY 2001 Expected
● No Insurance awards issued	2,880	3,755	3,900	4,050
● Average annual cost (in dollars) of No Insurance awards	5,865	5,982	6,150	6,300
● Warrants issued in payment of Special Fund claims	17,051	15,932	17,000	17,500

- ◆ Goal 6 To administer oversight and review of operation of Industrial Commission to ensure that agency duties are conducted efficiently and effectively.

Key Performance Measures	FY 1998 Actual	FY 1999 Actual	FY 2000 Expected	FY 2001 Expected
● Workers compensation claimants problems resolved	6,662	5,318	6,400	6,400

2000 - 2001 ARIZONA MASTER LIST OF STATE GOVERNMENT PROGRAMS

• Self insurance applications and renewals processed	132	120	130	140
• Complaints received concerning non workers compensation coverage by employers	1,724	1,244	1,300	1,340
• Cases referred for outside collection	338	195	220	240
• OSHA cases referred for hearing	191	175	192	200

ICA.1 PROGRAM SUMMARY

ADMINISTRATIVE SERVICES

Contact: Douglas R. Newton
Phone: (602) 542-5380
A.R.S. 23-1, Art. 1

Program Mission:

To support all activities of the other agency programs to allow them to perform their function in the most effective and efficient manner possible.

Program Description:

Provides personnel services to individuals and departments within the agency; evaluates bonding criteria, applications, and renewals of self insured employers; provides payment of medical and compensation payments for uninsured claimants as well as ensuring collection of funds that are payable to the agency; maintains Special Fund Office Building in Phoenix and Tucson; maintains data processing functions for the agency.

Funding and FTE Amounts:

(\$ Thousands)

	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
General Funds	0.0	0.0	0.0
Other Appropriated Funds	2,687.1	3,010.7	2,994.9
Other Non Appropriated Funds	38.0	35.0	35.0
Federal Funds	73.9	70.3	70.3
Program Total	2,799.0	3,116.0	3,100.2
FTE Positions	45.0	46.0	46.0

This Program Contains the Following Subprograms:

- ▶ Administrative Support
- ▶ Workers' Compensation Ombudsman
- ▶ Office of Director

ICA.1.1 SUBPROGRAM SUMMARY

ADMINISTRATIVE SUPPORT

Contact: Douglas R. Newton, Agency Coordinator
Phone: (602) 542-5380
A.R.S. 23-1, Art. 1

Subprogram Mission:

To support all activities of the other agency programs to allow them to perform their function in the most effective and efficient manner possible.

Subprogram Description:

The program provides personnel services to individuals and departments within the agency; evaluates bonding criteria, applications, and renewals of self insured employers; provides

payment of medical and compensation payments for uninsured claimants as well as ensuring collection of funds that are payable to the agency; maintains Special Fund Office Building in Phoenix and Tucson; maintains data processing functions for the agency.

Funding and FTE Amounts:

(\$ Thousands)

	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
General Funds	0.0	0.0	0.0
Other Appropriated Funds	2,388.6	2,674.0	2,649.7
Other Non Appropriated Funds	38.0	35.0	35.0
Federal Funds	73.9	70.3	70.3
Program Total	2,500.5	2,779.3	2,755.0
FTE Positions	40.0	40.0	40.0

Subprogram Goals and Performance Measures:

- ◆ Goal 1 To process all personnel actions in an effective manner on a timely basis.

Performance Measures	FY 1998 Actual	FY 1999 Actual	FY 2000 Expected	FY 2001 Expected
• Actions processed	1,372	1,650	1,400	1,500

- ◆ Goal 2 To process all accounting transactions correctly on a timely basis.

Performance Measures	FY 1998 Actual	FY 1999 Actual	FY 2000 Expected	FY 2001 Expected
• Average invoices not processed at months end	313	308	300	300
• Average invoices not paid at month's end	189	205	200	200

- ◆ Goal 3 To process all self insurance applications and renewals efficiently and in a timely manner.

Performance Measures	FY 1998 Actual	FY 1999 Actual	FY 2000 Expected	FY 2001 Expected
• Renewals and applications processed	132	120	130	140
• Renewals in backlog	13	14	12	12

ICA.1.2 SUBPROGRAM SUMMARY

WORKERS' COMPENSATION OMBUDSMAN

Contact: Mary Green, Executive Staff Assistant
Phone: (602) 542-4317
A.R.S. 23-1, Art. 1

Subprogram Mission:

To assist injured workers in resolving workers' compensation related problems.

Subprogram Description:

The Ombudsman must investigate all reported complaints concerning injured workers; intercede on behalf of claimants in resolution of problems with attorneys, insurance carrier, state agencies; ensure that claimants are entitled to benefits due them under workers compensation law; and refer claimants for rehabilitation and job placement.

Funding and FTE Amounts:

	(\$ Thousands)		
	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
General Funds	0.0	0.0	0.0
Other Appropriated Funds	110.9	143.5	146.2
Other Non Appropriated Funds	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0
Program Total	110.9	143.5	146.2
FTE Positions	3.0	4.0	4.0

Subprogram Goals and Performance Measures:

- ◆ Goal 1 To resolve problems concerning claims of injured workers in efficient manner on a timely basis.

Performance Measures	FY 1998 Actual	FY 1999 Actual	FY 2000 Expected	FY 2001 Expected
● Claimants contacted	6,662	5,318	6,400	6,400
● Claimants' cases closed	65	100	100	100

ICA.1.3 SUBPROGRAM SUMMARY
OFFICE OF DIRECTOR

Contact: Larry Etchechury, Director
 Phone: (602) 542-4411
 A.R.S. 23.101, 23.108

Subprogram Mission:

To oversee all activities of the Industrial Commission for the protection of life, health, safety and welfare of employees of Arizona.

Subprogram Description:

This subprogram, made up of the offices of the Commission, Director, and Special fund Investment Committee, controls all activities of the agency to insure that rules and laws are effectively enforced and resources efficiently used. Specifically, the program adopts all rules, approves OSHA claims, sets tax rates, approves self-insurance, reviews lump sum settlement requests, and establishes policy for investment of Special Fund.

Funding and FTE Amounts:

	(\$ Thousands)		
	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
General Funds	0.0	0.0	0.0
Other Appropriated Funds	187.6	193.2	199.0
Other Non Appropriated Funds	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0
Program Total	187.6	193.2	199.0
FTE Positions	2.0	2.0	2.0

Subprogram Goals and Performance Measures:

- ◆ Goal 1 To administer oversight and review operations of agency to ensure that agency duties are conducted efficiently and effectively.

Performance Measures	FY 1998 Actual	FY 1999 Actual	FY 2000 Expected	FY 2001 Expected
● Valid complaints received concerning agency operations	NA	Baseline	NA	NA

ICA.2**PROGRAM SUMMARY**

**WORKERS COMPENSATION CLAIMS
PROCESSING**

Contact: Karen H. Ellerman, Manager
 Phone: (602) 542-4661
 A.R.S. 23-6

Program Mission:

To ensure that all workers' compensation claims are processed in accordance with the rules and laws of Arizona.

Program Description:

The program regulates activities of insurance carriers and self insurers who process industrial injury claims; assesses penalties or increases in insurance benefits for bad faith or unfair claims processes; ensures that every injured worker is treated fairly and properly cared for in compliance with the law; approves out of state travel for injured workers; and ensures that claims are accepted or denied within 21 days of receipt of notice of claims.

Funding and FTE Amounts:

	(\$ Thousands)		
	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
General Funds	0.0	0.0	0.0
Other Appropriated Funds	2,507.4	2,789.7	2,846.6
Other Non Appropriated Funds	93.3	110.0	100.0
Federal Funds	0.0	0.0	0.0
Program Total	2,600.7	2,899.7	2,946.6
FTE Positions	84.0	84.0	84.0

Program Goals and Performance Measures:

- ◆ Goal 1 To ensure that permanent disability awards are issued in timely manner.

Performance Measures	FY 1998 Actual	FY 1999 Actual	FY 2000 Expected	FY 2001 Expected
● Awards issued	2,711	3,395	3,700	3,700
● Percent of awards issued within 80 days	55	60	60	60

- ◆ Goal 2 To complete employees average monthly wage in most effective, efficient manner possible.

Performance Measures	FY 1998 Actual	FY 1999 Actual	FY 2000 Expected	FY 2001 Expected
● Wage determinations issued	19,361	20,593	22,000	23,000
● Percent determined within 45 days	80	80	95	95

- ◆ Goal 3 To process lump sum settlement requests in the most efficient manner.

Performance Measures	FY 1998 Actual	FY 1999 Actual	FY 2000 Expected	FY 2001 Expected
● Lump sum requests processed	105	93	100	100
● Percent of requests processed within 15 days	97	95	95	95

- ◆ Goal 4 To process initial filing of Workers Compensation Claims on timely basis.

Performance Measures	FY 1998 Actual	FY 1999 Actual	FY 2000 Expected	FY 2001 Expected
● Claims processed	150,393	151,492	155,000	160,000
● Percent processed within five days	92	95	98	98

ICA.3 PROGRAM SUMMARY
ADJUDICATION OF DISPUTES

Contact: Harriet Turney, Chief Judge
 Phone: (602) 542-5247
 A.R.S. 23-6, Art. 3

Program Mission:

To adjudicate disputed workers' compensation claims and appeals of penalty assessment issued by the Occupational Safety and Health Administration (OSHA) Division and Labor Division.

Program Description:

The program settles disputes created by decisions made by insurance carriers, self insured employers or the Industrial Commission. The workers' compensation claimant, insurance carrier or other interested party would request a hearing. Disputes are also settled in the same manner for OSHA penalty decisions appealed by the employer and Child Labor citations appealed by employers.

Funding and FTE Amounts:

(\$ Thousands)

	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
General Funds	0.0	0.0	0.0
Other Appropriated Funds	4,193.6	4,530.9	4,595.8
Other Non Appropriated Funds	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0
Program Total	4,193.6	4,530.9	4,595.8
FTE Positions	55.0	55.0	55.0

Program Goals and Performance Measures:

- ◆ Goal 1 To process and set hearings so that they are heard in a timely manner.

Performance Measures	FY 1998 Actual	FY 1999 Actual	FY 2000 Expected	FY 2001 Expected
● Petitions for hearing received: Workers Compensation	8,872	8,518	9,718	10,270
● Petitions for hearing received: OSHA	199	195	240	264
● Number of days between Workers Compensation and OSHA petitions received and awards issued	122	118	130	130

- ◆ Goal 2 To process requests for hearing in the most efficient, cost effective manner.

Performance Measures	FY 1998 Actual	FY 1999 Actual	FY 2000 Expected	FY 2001 Expected
● Awards issued without hearing	5,511	4,965	6,064	6,067

ICA.4 PROGRAM SUMMARY
LABOR LAW ADMINISTRATION

Contact: Orlando Macias, Director
 Phone: (602) 542-4515
 A.R.S. 23-3, Art 2, 23-2, Art 3, 7

Program Mission:

To provide for the administration of labor laws for the protection of wage claimants, child employees and users of employment agencies.

Program Description:

The program must enforce all statutes and rules concerning the resolution of wage complaint disputes, the licensing and regulation of private employment agencies, and the enforcement of child labor laws which involve the issuing of penalties for violations. The program must also provide information on labor issues to the requesting public.

Funding and FTE Amounts:

(\$ Thousands)

	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
General Funds	0.0	0.0	0.0
Other Appropriated Funds	500.5	543.4	555.0
Other Non Appropriated Funds	13.4	32.1	31.7
Federal Funds	0.0	0.0	0.0
Program Total	513.9	575.5	586.7
FTE Positions	15.0	15.0	15.0

Program Goals and Performance Measures:

- ◆ Goal 1 To efficiently enforce the Child Labor Laws in a timely manner.

Performance Measures	FY 1998 Actual	FY 1999 Actual	FY 2000 Expected	FY 2001 Expected
● Injury reports reviewed	1,785	1,922	2,000	2,200
● Violations investigated	352	279	300	320
● Violations confirmed	151	121	140	140
● Turnover time (time violations known to Labor to time violation confirmed (in days)	45	33	45	45

- ◆ Goal 2 To efficiently process and investigate wage claims in a timely manner.

Performance Measures	FY 1998 Actual	FY 1999 Actual	FY 2000 Expected	FY 2001 Expected
● Claims filed	3,202	3,025	3,200	3,300
● Average months to complete investigation	3.7	3.2	3.5	3.5

- ◆ Goal 3 To efficiently process and monitor the licensing of private employment agencies.

Performance Measures	FY 1998 Actual	FY 1999 Actual	FY 2000 Expected	FY 2001 Expected
● Percent of licenses processed within 90 days	80	86	90	90
● License applications processed	10	7	10	10

ICA.5 PROGRAM SUMMARY
OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION

Contact: Darin Perkins, Director
 Phone: (602) 542-5795
 A.R.S. 23-2, Art 10

Program Mission:

To ensure the safety of employees in the State of Arizona covered by the Arizona Occupational Safety and Health Act of 1972.

Program Description:

Under a certified and approved plan with the United States Department of Labor, administer Arizona Occupational Safety and Health Act (OSHA). Responsible for enforcing the Occupational Safety and Health standards in all industries in Arizona except:

mining, smelting, establishments located on Indian reservations and Federal agencies.

Funding and FTE Amounts:

(\$ Thousands)

	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
General Funds	0.0	0.0	0.0
Other Appropriated Funds	1,892.9	1,831.4	1,984.3
Other Non Appropriated Funds	0.0	0.0	0.0
Federal Funds	1,006.7	1,474.7	1,570.7
Program Total	2,899.6	3,306.1	3,555.0
FTE Positions	60.0	68.0	68.0

Program Goals and Performance Measures:

- ◆ Goal 1 To effectively enforce all OSHA standard in safety compliance and industrial hygiene.

Performance Measures	FY 1998 Actual	FY 1999 Actual	FY 2000 Expected	FY 2001 Expected
● Health compliance inspections	532	406	488	488
● Health violations	1,380	932	1,300	1,300
● Safety compliance inspections	1,197	699	1,412	1,412
● Safety violations	2,666	1,431	2,964	2,964

- ◆ Goal 2 To provide effective and timely voluntary consultation services to aid employers in recognizing and abating work place hazards.

Performance Measures	FY 1998 Actual	FY 1999 Actual	FY 2000 Expected	FY 2001 Expected
● Safety consultation surveys	288	385	500	500
● Hazards	1,126	2,214	2,200	2,200
● Health consultation surveys	162	103	128	128
● Hazards	389	360	450	450

- ◆ Goal 3 To provide statewide training programs to employees concerning specific safety related functions that are timely and effective.

Performance Measures	FY 1998 Actual	FY 1999 Actual	FY 2000 Expected	FY 2001 Expected
● Employees trained	4,538	4,504	5,000	5,000

- ◆ Goal 4 To ensure that there is no danger to employees or the general public from Arizona boilers or elevators.

Performance Measures	FY 1998 Actual	FY 1999 Actual	FY 2000 Expected	FY 2001 Expected
● Boilers inspected	2,857	3,021	3,300	3,500
● Deficiencies identified	784	672	800	800
● Elevators inspected	4,724	4,647	4,700	4,700
● Deficiencies identified	2,058	1,671	1,800	1,800

ICA.6 PROGRAM SUMMARY**SPECIAL FUND CLAIMS PROCESSING**

Contact: Terri Plew, Monitor
Phone: (602) 542-3294
A.R.S. 23-1065(B-G)

Program Mission:

To act as an insurance carrier to provide benefits to all injured employees not covered by regular worker's compensation insurance

coverage or by self insurance coverage in Arizona.

Program Description:

The program processes all claims for injured workers where the employer failed to provide workers compensation insurance; provides medical and compensation to injured workers whose employer's had no insurance at the time of injury; provides continuing medical benefits for injured workers following termination of temporary benefits; administers the second injury fund; and provides for rehabilitation for scheduled and unscheduled injured workers claims.

Funding and FTE Amounts:

(\$ Thousands)

	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
General Funds	0.0	0.0	0.0
Other Appropriated Funds	664.6	722.7	737.2
Other Non Appropriated Funds	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0
Program Total	664.6	722.7	737.2
FTE Positions	18.0	18.0	18.0

Program Goals and Performance Measures:

- ◆ Goal 1 To process claims of injured Special Fund claimants in timely manner.

Performance Measures	FY 1998 Actual	FY 1999 Actual	FY 2000 Expected	FY 2001 Expected
● Average days between receipt of claims notice and issuance of award	38.5	64.2	21	21

- ◆ Goal 2 To process claims of injured Special Fund claimants in most cost effective manner.

Performance Measures	FY 1998 Actual	FY 1999 Actual	FY 2000 Expected	FY 2001 Expected
● Average annual cost per supportive care in dollars	2,309	2,206	2,400	2,400
● Average annual cost per no insurance in dollars	5,865	5,982	6,150	6,300
● Average annual cost per rehabilitation in dollars	6,337	6,942	7,900	7,900

ICA.7**PROGRAM SUMMARY****LEGAL COUNSEL**

Contact: Anita Valainis, Chief Counsel
Phone: (602) 542-5781
A.R.S. 41-192

Program Mission:

To represent the Industrial Commission of Arizona in all legal matters affecting the agency.

Program Description:

The program represents the Special Fund in all legal decisions affecting Special Fund claimants, the OSHA Division regarding contested OSHA citations, and the Labor Division in child labor and wage claim appeals. The program promulgates rules for the agency, provides legal advice as requested to the Commission and agency staff, and acts as collection agent for amounts owed to the Industrial Commission. The program also ensures compliance by Arizona employers with workers compensation coverage requirements.

Funding and FTE Amounts:

(\$ Thousands)

	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
General Funds	0.0	0.0	0.0
Other Appropriated Funds	1,053.5	1,161.6	1,185.2
Other Non Appropriated Funds	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0
Program Total	1,053.5	1,161.6	1,185.2
FTE Positions	23.0	23.0	23.0

Program Goals and Performance Measures:

- ◆ Goal 1 To provide quality legal representation to the Agency in contested legal matters.

Performance Measures	FY 1998 Actual	FY 1999 Actual	FY 2000 Expected	FY 2001 Expected
● OSHA hearings	191	195	192	200
● Apportionment/Supportive Care Matters	128	105	115	126

- ◆ Goal 2 To effectively collect debts owed to the Industrial Commission.

Performance Measures	FY 1998 Actual	FY 1999 Actual	FY 2000 Expected	FY 2001 Expected
● Collection investigations completed	22	22	48	48
● Collection files opened	567	488	500	520
● Delinquent collection accounts to outside counsel	338	195	220	240

- ◆ Goal 3 To effectively enforce compliance by Arizona employers with Arizona Workers' Compensation Insurance requirements.

Performance Measures	FY 1998 Actual	FY 1999 Actual	FY 2000 Expected	FY 2001 Expected
● Compliance referrals	1,724	1,244	1,300	1,340
● Compliance investigations completed	139	410	429	429
● Civil penalties issued	455	491	520	540

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